

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Approval of Minutes of the November 8, 2000
Investment Committee, Open Session

ITEM NUMBER: 3

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: January 9, 2001

INFORMATION: _____

PRESENTER(S): Chairperson

Proposed minutes of the Investment Committee Meeting held in open session November 8, 2000 are submitted on the following pages.

**PROPOSED
MINUTES OF THE
INVESTMENT COMMITTEE MEETING
OF THE
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
NOVEMBER 8, 2000
OPEN SESSION
BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA**

COMMITTEE MEMBERS PRESENT

Gary Lynes, Chairperson
George Fenimore
Marty Mathiesen
Emma Zink
Jennifer DuCray Morrill, representing State Treasurer
Philip Angelides
Walter Barnes, representing State Controller
Kathleen Connell
Curt Robinson, representing State Superintendent of Public Instruction
Delaine Eastin
Annette Porini, representing State Director of Finance
Tim Gage

STAFF PRESENT

James Mosman, Chief Executive Officer
Christopher Ailman, Chief Investment Officer
Chris Waddell, Chief Counsel
Elleen Okada, Director of Investment Administration and External Relations
Doug Wills, Staff Counsel
Michelle Cunningham, Director of Fixed Income
Steven Tong, Director of Internal Equities
Real Desrocher, Director of Alternative Investments
Mike DiRé, Director of Real Estate
Richard Rose, Principal Investment Officer
Mary Ann Avansino, Administrative Assistant

OTHERS PRESENT

Allan Emkin, Pension Consulting Alliance
Nori Gerardo Lietz, Pension Consulting Alliance
Terry Sander, Pension Consulting Alliance
Doug Le Bon, Pathway Capital Management
Beverly Carlson, CTA
Donald Douglas, CTA, Retired
Dorothy Moser, UTLA, Retired
Loretta Toggenburger, UTLA, Retired
Bill Collins

A quorum being present, Chairperson Lynes called the open session meeting to order at 9:05 p.m.

I. **ANNOUNCEMENTS** (Item 2)

Chairperson Lynes announced that the Subcommittee on Corporate Governance scheduled for 8:30 a.m. had been postponed due to the lack of a quorum. He announced that the Subcommittee on Corporate Governance would convene upon adjournment of the Investment Committee.

II. **APPROVAL OF MINUTES OF THE OCTOBER 11, 2000 INVESTMENT COMMITTEE, OPEN SESSION** (Item 3)

MOTION duly made by Mr. Robinson, seconded by Mr. Fenimore and carried to approve the minutes of the September 6, 2000, Investment Committee, Open Session as presented.

III. **LEGISLATION** (Item 6)

Mr. Derman had nothing to report.

IV. **REAL ESTATE – REPORT ON LEGAL TITLE OF CALSTRS PROPERTIES** (Item 7)

Mr. DiRé and Mr. Wills discussed the written report prepared by Cox, Castle & Nicholson LLP reviewing the advantages and disadvantages of property title being held directly in CalSTRS name as opposed to title being held in an LLC or corporation.

Ms. DuCray Morrill stated for the record that the Treasurer does not encourage incorporation outside of California.

Staff was directed to implement the recommendation that all future purchases be held as an LLC or corporate entity.

V. **FIXED INCOME – RFP FOR HIGH YIELD BOND MANAGER(S)** (Item 5)

Ms. Cunningham, Mr. Ailman, Mr. Shantic and Mr. Emkin reviewed implementation options for High Yield Bonds. Discussion ensued.

MOTION duly made by Mr. Fowler, seconded by Ms. Porini and carried to direct Staff to develop and issue an RFP for High Yield Bonds. Funding issues will be determined at a later date. Mr. Barnes abstained.

VI. **CREDIT ENHANCEMENT – DISCUSSION OF CREDIT ENHANCEMENT FOR CALIFORNIA K-12 SCHOOLS AND CALIFORNIA COMMUNITY COLLEGES** (Item 8)

Mr. Rose presented the report that reviewed ways the credit enhancement program has supported California's educational system, as well as possible programs for the future, such as, supporting projects that provide affordable housing for teachers.

VII. **CREDIT ENHANCEMENT PROGRAM – ACTIVITY STATUS REPORT** (Item 9)

Mr. Rose presented the written report.

VIII. **REAL ESTATE – ACTIVITY STATUS REPORT** (Item 10)

Mr. DiRé reviewed the written report and stated that the "as of" date on the charts should be 09/30/00.

IX. **ALTERNATIVE INVESTMENTS - ACTIVITY STATUS REPORT** (Item 11)

Mr. Desrocher reviewed the written report and discussed the current environment in alternative investments..

- X. **GENERAL – BUDGET REPORT UPDATE** (Item 11)
Ms. Okada discussed the written report. The Committee requested that the next update include soft dollar projections.
- XI. **CREDIT ENHANCEMENT PROGRAM – ACTIVITY STATUS REPORT** (Item 12)
Mr. Rose reviewed the written report.
- XII. **REPORT OF THE CHIEF INVESTMENT OFFICER** (Item 12)
Mr. Ailman presented the written report. Ms. Cunningham presented an updated report on the Home Loan Program.
- XIII. **DRAFT AGENDA FOR DECEMBER INVESTMENT COMMITTEE MEETING**
(Item 13)
Mr. Ailman presented a draft agenda for the December Investment Committee meeting.
- XIV. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC** (Item 14)
There were no statements from the public.
- XV. **MOVE TO CLOSED SESSION**
Chairperson Lynes recessed the meeting at 10:30 a.m. and reconvened into closed session.
- XVI. **ADJOURNMENT**
Chairperson Lynes announced that while in closed session, the Committee discussed matters pertaining to personnel and investment decisions. There being no further business to conduct, Chairperson Lynes adjourned the meeting at 1:15 p.m.

James D. Mosman, Chief Executive Officer and Secretary to the
Teachers' Retirement Board

Gary Lynes, Chairperson